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Rochester school board president resigns a week after being sued

Board president who led censure of Carol Beth Litkouhi will be removed as a defendant in secrecy suit



BY JAMIE A. HOPE
February 13, 2026

The school board president of Rochester Community Schools has resigned a week after she and other board members were sued by a trustee the board censured last year.

Jessica Gupta announced her resignation, effective March 1, in a Feb. 10 email to board members.

“At this time, I’ve decided to refocus my time and energy differently,” Gupta wrote. “I will continue to support our district’s success from a different vantage point. I wish everyone involved in the district’s future the peace, discernment, and fortitude to move our schools forward positively for our students.”

Gupta led the board’s November censure of Carol Beth Litkouhi, a board member who blew the whistle on the district’s plans for a countywide tax hike in a Detroit News opinion column. Litkouhi, represented by the Mackinac Center for Public Policy, sued the board and several named members Feb. 4.

Gupta’s resignation means she will

be removed as a defendant, because Litkouhi is not seeking monetary damages. The suit aims to undo the censure and get a declaration that the recently adopted bylaw used to censure Litkouhi is unconstitutional. As Gupta will be off the board, the court cannot compel her to take action on the board’s behalf.

“President Gupta and I have had deep disagreements about how our board responds to parents, how clearly we communicate about academic results and tax proposals, and how much power should be centralized in the board president’s role,” Litkouhi said in an email to Michigan Capitol Confidential, adding that she hopes the board will reset its tone, refocus on academics and transparency, and rebuild trust with the community.

The district encourages eligible district residents to apply for the position. The board will follow the Revised School Code and Michigan Election Law in appointing a replacement trustee, whose term will last until after the November general election.

The school board did not respond to a request for comment. ■

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Michigan taxpayers foot \$1 million bill for an imaginary job threat

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Payouts from Michigan's teacher loan program plummet 97% after rule change

From \$21.7M to \$600K: How Michigan's educator aid program collapsed



Photo by Pexels

BY SCOTT MCCLALLEN
January 28, 2026

Michigan's student-loan assistance for educators declined significantly in 2025, according to the state's education department.

The state has directed about \$250 million to pay off educators' loans under its Student Loan Repayment Program. The program paid out \$21.7 million to nearly 10,000 educators in 2024, the first year it was operation, according to a Dec. 18 update from the Michigan Department of Education

But in 2025, that figure dropped to about \$600,000, a decrease of 97%.

When Michigan shuttered about 10 million people in their homes during COVID-19, residents were forced to turn to online shopping, a shift that boosted revenue to the School Aid Fund, which receives money from the state's 6% sales tax.

In fiscal year 2024, the top three sources of revenue for the School Aid Fund were sales and use taxes (39.7%), personal income taxes (16.8%) and federal revenue (15.9%).

Many state officials say Michigan has a teacher shortage. So in fiscal year 2024, the Michigan Department of Education awarded about \$21.7 million from the Student Loan Repayment Program to nearly 10,000 educators.

Michigan has 537 traditional school districts and about 300 charter schools. They were responsible for carrying out the plan.

The program didn't provide a clear application system, so there were more than 800 different systems for applying for assistance.

By the next year, school districts didn't want the workload. Lawmakers tweaked the program for

the 2025 budget. Individual educators, not school districts, were to submit applications to the Student Loan Repayment Program.

Opening the application process to the public heightened the need to verify the identities and qualifications of applicants. As a result, the number of denied applications soared, leading to the program distributing only \$600,000 in FY 2025.

The most common reasons for denial included:

- Missing applicant-identifying information (e.g., name or account number), which prevented verification and document matching.
- Insufficient documentation to confirm the monthly payment amount due.
- Insufficient documentation to confirm current participation in the federal Public Service Loan Forgiveness program.

The Michigan Department of Education aims to boost teacher pay and offset their costs, Bob Wheaton, spokesperson for the department, told Michigan Capitol Confidential in an email.

The Michigan Department of Education is doing everything it can to increase compensation and offset costs for educators, Wheaton said. The repayment program aims to boost teacher retention and is part of Michigan's Top 10 Strategic Education Plan.

In 2026, lawmakers shuttered the loan repayment program. Instead, that money will be reallocated as a formula grant to districts to increase educator compensation. A new law aims to provide over \$450 million to districts to increase educator compensation and offset costs associated with retiree health care benefits. ■

Park Township homeowners seek millions from local government

Case assigned to same judge who ruled against Peninsula Township



Photo by Adobe Stock

BY JAMIE A. HOPE
January 23, 2026

Park Township Neighbors, a nonprofit group of short-term rental homeowners in Ottawa County, has filed a federal lawsuit against Park Township, saying its ban on short-term rentals violates the due process clauses of the Fifth and Fourteenth Amendments to the U.S. Constitution.

The organization seeks monetary damages and a ruling to prevent the ban.

The township used a 1974 zoning law to ban short-term rentals, though that law had been neglected until October 2023.

The nonprofit organization has records of various township officials saying that short-term rentals were lawful. These communications go back to 2003.

“Park Township officials have repeatedly interpreted the Park Township Zoning Ordinance in effect from 2003 until March 2024 as allowing short-term rentals (STRs) in residential districts,” the group says in its federal lawsuit. Township administrators, including zoning administrators, have told residents that short-term rentals are allowed in residential districts, it added. “And most

telling,” it said, “the zoning ordinance administrator in 2003 testified that the township amended the zoning ordinance of 2003 to ensure that short-term rentals could be used in residential districts.” Park Township Neighbors say the township’s enforcement is unconstitutionally vague, depriving owners of short-term rentals of their property interest without due process.

The case has been assigned to Judge Paul L. Maloney in the United States District Court Western District of Michigan Southern Division, Jeremy Allen, president of Park Township Neighbors, told Michigan Capitol Confidential in a text message.

Maloney ruled on July 7 against Peninsula Township of Grand Traverse County in a zoning dispute involving business interests, filed by Wineries of the Old Mission Peninsula Association.

The wineries alleged that “decades of strife, arbitrary enforcement, and frustration” came from the township using zoning ordinances to prohibit weddings, live music, and fundraisers. This, the wineries said, limited business activities such as advertising tastings and selling merchandise.

Peninsula Township also restricted the wineries’ operating hours, the plaintiffs claimed, and dictated the share of grapes in various wines that came from within the township.

The judge ruled that the township ordinance was unconstitutional and awarded the wineries \$50 million in damages.

Park Township Neighbors has also filed suit in state court, losing in Ottawa Circuit Court. Judge Jon H. Hulsing ruled that statements by township officials are not binding because the zoning board is authorized to enforce the ordinance, as Michigan Capitol Confidential reported in December.

The association filed an appeal with the Michigan Court of Appeals on Nov. 21.

A township ordinance enacted in 2024 bans all short-term rentals in residential districts.

Usually when a new zoning ordinance is put in place, state law — the Michigan Zoning Enabling Act — allows for “nonconforming use,” or a “grandfathered” use, which lets existing properties remain in their current state. Grandfathering, as

applied to Park Township, would allow current owners of short-term rentals to continue their practice.

Township officials say short-term rentals were never legal and thus will not be grandfathered.

Rental owners in Park Township told CapCon that township officials have invested a significant sum of taxpayer money in the fight.

“We recently learned the township has spent well over \$400,000 just on this short-term rental issue alone in the last few years,” Allen told CapCon in an email.

“While I am saddened that we have had to file a federal lawsuit, property ownership rights are important,” Allen said. “And even more so, it’s important to me that the township look to decades of their own interpretations and choose to, hopefully, do the right thing.” Allen estimated that 1% of homes in the township are used as short-term rentals.

Township officials did not respond to an email seeking comment. ■

From \$14M to \$7.7M: Michigan reports major drop in food stamp fraud

CapCon series about fraud pushed state to upgrade cards

BY SCOTT MCCLALLEN
February 25, 2026

Michigan cut the amount of fraud in its food stamp program by almost half in 2025, according to a state report released on Feb. 15.

The value of fraud reported in the Supplemental Nutrition Assistance Program was \$7.7 million in 2025, the report said. That's just more than half the \$14 million reported for 2024.

Increased security helped the Michigan Department of Health and Human Services prevent and detect fraud, according to the report.

State and federal employees investigate stolen benefits, SNAP trafficking from business owners, and food stamp fraud, such as selling benefits for cash. Agencies have deployed algorithms to detect compromised SNAP and other benefits accounts, the report said. Governments have also detected and seized 33 skimming devices. Another new process helped identify cloned point-of-sale terminals. The government also tracks IP addresses on benefit applications so it can determine if people living outside the state apply for benefits.

Michiganders use Bridge Cards at about 10,000 retailers statewide, but criminals have stolen millions of dollars in benefits meant for low-income residents. Criminals install fake payment processors that steal information so they can clone the cards and deplete the benefit accounts. Criminals exploit this vulnerability because Michigan didn't upgrade SNAP cards in 2015 when the private sector upgraded debit and credit cards from magnetic stripes to embedded chips.

The state health and human services department, which runs the SNAP program, fielded more than 26,000 complaints across all its programs in fiscal year 2025. SNAP fraud evolves as the state and federal government use new strategies to combat it. In September, CapCon reported that over a 12-month period, about 235 criminals hijacked the credentials retailers use to receive SNAP funds. Health Dept. Director Elizabeth Hertel called those thefts "nearly impossible to trace."

Michigan's upgrade to chip-enabled electronic benefit transfer cards should help stop organized crime schemes, including card skimming and cloning, that drive much of today's fraud, Haywood Talcove, CEO of LexisNexis Risk Solutions' Government Group, told CapCon in an email. But criminals adapt and shift strategies quickly, he said.

"Criminal networks will shift tactics quickly, so states need to take a layered approach," Talcove wrote. "That includes stronger front-end identity verification, real-time transaction monitoring, cross-state data sharing, and advanced analytics to identify suspicious patterns before funds go out the door. Prevention is far more effective than 'pay and chase' recovery after the fact. Ultimately,



Photo by Shutterstock

protecting vulnerable residents and taxpayers requires a combination of modern technology, proactive controls, and independent oversight."

At least eight other states have upgraded or are upgrading their SNAP cards: Alabama, Arkansas, California, Maryland, Massachusetts, New Jersey, Oklahoma and Virginia.

The state health department is upgrading the security

on SNAP cards in 2026 and should start issuing new, chip-equipped cards by May, according to documents that CapCon obtained through a records request. The health department didn't respond to a request for comment.

CapCon repeatedly reported on SNAP fraud in recent years. Rep. Jason Woolford, R-Howell, who sponsored legislation to require the state to use chipped cards, cited CapCon reports. ■



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MEDC gave \$248M to more than 180 nonprofits

Quasi-state agency funded universities, a music festival, and a credit union in 2025

BY SCOTT MCCLALLEN
February 24, 2026

What do the University of Chicago, Ann Arbor Housing Development Corp., Ballet Chelsea and the Detroit Belle Isle Grand Prix have in common? The Michigan Economic Development Corp. gave all of them money.

The state's economic development arm gave \$248 million to 182 nonprofits in 2025, according to a document Michigan Capitol Confidential obtained through a records request.

The economic organization sent money to nonprofits and government bodies statewide, plus one in Illinois. The MEDC gave \$7 million to Grand Valley State University, a taxpayer-supported institution. It also gave \$1.2 million to the Michigan Economic Development Foundation, a 501(c)3 organization not subject to the state's open records law but which funds some of the governor's foreign travels. The development corporation funded a music festival in the Upper Peninsula, a school in Lansing, and many other entities.

For example, the MEDC paid \$350k to UChicago Argonne and millions to universities that already receive taxpayer funding.

Christopher J. Kramer, head of external communications at the Argonne National Laboratory, confirmed that the lab received a grant.

"This funding supported a research project focused on providing advanced modeling, analysis, and decision-support tools to enhance Michigan's industrial competitiveness," Kramer told CapCon in an email. "Specifically, the project aimed to identify opportunities for improving energy efficiency and modernizing supply chains across key industries in the state."

The Argonne lab researches, among other things, ways to

recycle electric vehicle batteries.

Grand Valley didn't respond to a request for comment about how it spent the \$7 million MEDC grant.

Four transactions account for more than half of the grants to nonprofits, or \$124 million. The MEDC gave \$61 million to the Flint & Genesee Economic Alliance Foundation, \$46.7 million to the Marshall Area Economic Development Alliance, \$9.5 million to the Invest Detroit Foundation, and \$7.5 million to Invest UP.

The Michigan Economic Development Corporation defended its allocations to nonprofits after CapCon asked for comment.

"The MEDC interacts with nonprofits in a variety of ways, and those ways often change based on what the Legislature writes into the statute and the annual state budget," Danielle Emerson, MEDC public relations manager, told CapCon in an email. "It would be disingenuous to provide a single remark on an aggregate list from your FOIA (request): These disbursements have a variety of purposes and go through a variety of programs that support everything from main street programs to small businesses, to community institutions that serve as anchor to enhance residents' well-being through social, cultural, educational, recreational, and other ways in an often low-cost, accessible way."

Other six-figure disbursements included \$545,825 to the Downtown Detroit Partnership, \$500,000 to Culturesource in Detroit, \$466,000 to Invest Detroit, \$325,000 to the Council of Great Lakes Governors and \$232,000 to Michigan First Credit Union.

Money from the development corporation funded art fairs, schools that already receive taxpayer funding, museums, a Christian liberal arts college, the Detroit Economic Club, the Michigan Economic Development Foundation, various chambers of commerce,

and even the Hamburg Township Historical Society in Livingston County.

The MEDC should explain to taxpayers how this spending helps Michigan's economy, Mike LaFaive, director of fiscal policy at the Mackinac Center for Public Policy, told CapCon in an email.

"The Michigan Economic Development Corp. has a long track record of making poor decisions on behalf of taxpayers," LaFaive wrote. "Grant items to not-for-profit institutions such as an out-of-state university or an in-state music festival do not smack of in-state economic development. What is the justification for such grants? Where is the hard evidence that these will facilitate economic development in Michigan? The MEDC could help itself by proactively reporting details about what the grants are meant to accomplish."

The agency recently asked Attorney General Dana Nessel to claw back \$24 million from a failed electric vehicle plant. The plant was supposed to create 2,350 jobs, but that never happened. Now, the company says it will keep the \$24 million, Crain's Detroit Business reported.

The MEDC gave grants to the following organizations:

- \$151,510 to Ann Arbor SPARK
- \$132,000 to the Arab Community Center for Economic and Social Services
- \$75,000 to Detroit Belle Isle Grand Prix Inc.
- \$27,305 to the Ann Arbor Street Art Fair
- \$26,739 to the Copper Country Suzuki Association
- \$26,109 to the Ballet Chelsea
- \$22,000 to the Oscoda-Wurtsmith Airport Authority
- \$10,000 to the Detroit Economic Club
- \$8,000 to the Cadillac Area Visitors Bureau. ■



Photo by Shutterstock

Michigan loses 36,000 jobs in a year as most states add workers

State should cut taxes, provide reliable electricity to attract residents, analyst says

BY JAMIE A. HOPE
February 10, 2026

Michigan saw a decline in employment over the past year, with 36,668 fewer people employed in December 2025 than in December 2024, a 0.8% drop.

This places the state in the bottom 10 nationwide for job creation, while 32 other states added jobs over the same period.

Employment in Michigan fell 0.2% from November to December 2025, the seventh-worst performance in the country, according to the U.S. Bureau of Labor Statistics' household survey.

The state's unemployment rate also increased. It reached 5.0%, the nation's seventh-highest rate.

Thus far during Gov. Gretchen Whitmer's second term, Michigan is 41st in employment growth, according to the BLS household survey.

Over the same period, the state's unemployment rate rose from 4.2% to 5.0%, the 13th-largest increase nationally.

"Michigan is losing jobs at a time when much of the rest of the country is gaining them," James Hohman, fiscal policy director at the Mackinac Center for Public Policy, told Michigan Capitol Confidential in an email.

It's a sign, according to Hohman, that Michigan lawmakers should work on the basics: cutting taxes, promoting cheaper and more reliable electricity, and reducing

the barriers state policy puts on workers.

CapCon reported in September that when Whitmer took office in January 2019, the state's seasonally adjusted unemployment rate stood at 4.2%. The national average was 4.0%, according to the U.S. Bureau of Labor Statistics.

Michigan had the 14th-highest unemployment rate in the nation one month before Whitmer took office in her first term, as reported by CapCon.

Right-to-work states saw the quickest recovery from the COVID pandemic, Jarrett Skorup, vice president of marketing and communications at the Mackinac Center, told CapCon. Whitmer and her Democratic allies in the Michigan Legislature repealed the state's right-to-work law in 2023.

"The contrast could hardly be more stark," Skorup wrote in a commentary. "Since March 2020, when the pandemic started, 13 of the 15 states that created the most jobs have right-to-work laws. They've more than replaced the jobs they lost during the worst of the crisis. Of the top 10 states, only tenth-place Montana lacks a right-to-work law."

Contrary to a common objection, right-to-work laws do not mean right-to-work for less, Michael LaFaive, senior director of fiscal policy at the Mackinac Center, wrote in 2024.

Whitmer did not respond to a request for comment. ■

Torch Lake couple takes EGLE to federal appeals court over permit standoff

Wetlands permit dispute heads to Sixth Circuit Court of Appeals

BY SCOTT MCCLALLEN
January 20, 2026

Stephen and Deborah Gmeiner, property owners in Antrim County, Michigan, have filed a brief in the United States Court of Appeals for the Sixth Circuit, challenging a district court's ruling that dismissed their lawsuit against Keri Kent, an environmental quality analyst with the Michigan Department of Environment, Great Lakes, and Energy.

The case, Gmeiner v. Kent, centers on allegations that EGLE officials said they would not issue the Gmeiners a wetlands permit unless they promised to release state officials from any legal liability that might arise from the property for which they seek a permit. This condition, the lawsuit alleges, violates constitutional principles and exceeds the department's authority.

The Gmeiners own property along Torch Lake in Milton Township. Walking safely to the shore through a wetland requires a man-made pathway, they state in a court document. Landowners who wish to undertake a project such as this one must, under state law, obtain a permit. The couple requested a permit to build a six-foot-wide pathway, but the state's environmental agency denied their application. They challenged that decision in an administrative hearing and prevailed.

On Dec. 9, 2024, Administrative Law Judge Michael St. John ordered EGLE to issue a permit.

State officials did not appeal the ruling. But the department told the Gmeiners that before it issued the permit, they would need to "indemnify and hold harmless the State of Michigan and its departments, agencies, officials, employees, agents, and representatives for any and all claims or causes of action arising from acts or omissions" they took "in connection with this permit."

The Gmeiners objected, arguing that

the relevant state environmental law — the Natural Resources and Environmental Protection Act — contains no such requirement. They asked Kent to issue the permit and drop the demand for a hold-harmless agreement. Kent refused and the Gmeiners filed suit.

In their brief filed on Jan. 2, 2026, the Gmeiners say that the district court erred in dismissing their claims that the state acted unconstitutionally and beyond its legal authority.

Michigan has about 6.5 million acres of wetlands. Federal and state laws restrict the activities property owners can undertake on wetlands, including building homes or expanding ponds.

The landowners argue that Kent is trying to coerce them by refusing to give them something they are entitled to under the law. Kent, they say, would require them to surrender certain rights. Their motion also says the district court should have ordered Kent to issue the permit. By not doing so, the motion says, the district court abused its discretion. Kent and the department, they say, continue to violate their property rights.

"This case is fundamentally about the limits of government power," Philip L. Ellison, attorney for the Gmeiners and principal at Outside Legal Counsel PLC, said in a statement. "These property owners secured their permit through the administrative process. For a state official to then dangle it like a carrot, demanding they assume unlimited liability not required by statute, is effectively extortion."

The lawsuit asks the appeals court to reverse the district court's judgment, send the dispute back to the district court judge for reconsideration and issue a preliminary injunction.

Oral argument has not yet been scheduled. The agency hasn't responded to a request for comment. ■

Michigan taxpayers foot \$1 million bill for an imaginary job threat

State pays companies to exist as job growth stagnates



BY JAMIE A. HOPE
November 20, 2025

The Michigan Economic Development Corporation gave \$1 million to OVD Insurance, a Kent County firm, to keep it from doing more business out-of-state, according to documents obtained through a Freedom of Information Act request.

More than 100 pages of documents obtained by Michigan Capitol Confidential show that 80% of OVD's clients are in Michigan. The documents did not include evidence that other states or economic development agencies were actively courting the company with incentives to expand elsewhere.

The \$1 million taxpayer subsidy will help OVD but hurt competitors who are also based in Michigan, Robert L. Hughes, founder and president of Grand Rapids-based Advantage Benefits Group, told CapCon.

"Where does the MEDC draw the line?" Hughes asked. "Are they giving million-dollar handouts of taxpayer money to every Michigan insurance agency, law firm, and accounting firm that asks to fund a new office?"

The state agency is already under intense scrutiny over alleged secrecy and misuse

of taxpayer money.

In its evaluation of the grant application, the economic development agency gave OVD a 69% score for the potential that the company would expand in another state.

But the review appears to rely largely on the company's assertions rather than independent verification. Records state that OVD has offices or joint ventures in Pittsburgh, Raleigh, Nashville and Dallas.

The documents also say that employees in these offices are remote and mostly serve Michigan clients.

"Approximately 80% of OVD Insurance's client base is located within Michigan," the records say.

Yet the insurance company said it was being pressured by out-of-state partners to "add physical space" in other states. No MEDC documents included in the FOIA show the agency followed up on these claims or requested supporting documentation. OVD's leadership said in the documents that the company has doubled its revenue and workforce over the past five years and expects to double them again over the next five years.

OVD confirmed to CapCon for a previous story that it anticipated job creation under the grant — estimated at

131 positions — but it would include a combination of new hires and reallocation of current employees.

A Dec. 13, 2024, email exchange included in the document CapCon obtained clarifies the company's workforce numbers.

When the MEDC asked OVD about a recent decrease in the number of its Michigan employees from 120 to 106, Josh VanVels, the company's chief growth officer, said that the initial figures included remote employees outside Michigan who serve Michigan clients.

The MEDC cautioned against reading too much into the documents.

"There seems to be a broad assumption here that the responsive documents to this single FOIA request represent every bit of due diligence that we do when considering how to develop potential offers and administer grants to best support job creation and retention in Michigan, and that's not the case," Danielle Emerson, public relations manager at the organization, wrote in an email to CapCon.

She added that the MEDC balances the need to be competitive with fiscal responsibility when it spends taxpayer dollars.

Michael LaFaive, senior director of fiscal policy at the Mackinac Center for Public Policy, told CapCon that more than three-quarters of corporate expansions would happen without incentives.

"Research shows that 75% to 98% of corporate expansions, relocations and retentions would have happened without incentives," LaFaive said.

The threat of moving jobs elsewhere if the state fails to provide subsidies has a long tradition dating back to fabled Chrysler head Lee Iacocca.

"In Michigan, Lee Iacocca once bragged about his use of that threat around the world to wrest fiscal favors from government," said LaFaive. "He said he did it so often he got tired of it."

"The business subsidy program in question is not required to get company officials to do anything they wouldn't otherwise do without taxpayer funding," James Hohman, fiscal policy expert at the Mackinac Center for Public Policy, told CapCon.

"Its purpose is to try to make it seem like administrators are winning jobs," Hohman added.

OVD Insurance did not respond to an email seeking comment for this story. ■



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In U.P., calls to change state energy law

Legislators, union, mining company say unaffordable energy will drive out businesses, residents

BY JAMIE A. HOPE
January 14, 2026

The future of Michigan's Upper Peninsula is threatened by the state's energy law, says a state representative from Cedar River. Republican Rep. David Prestin is urging the state Senate to approve two bills that have passed the Michigan House.

Without these bills, which are in a committee in the Senate, soaring electricity prices could prompt major employer Cleveland Cliffs to move its operations out of state, Prestin told Michigan Capitol Confidential. Prestin's district stretches from Menominee to just outside Sault Ste. Marie.

Cleveland Cliffs operates the open-pit Tilden mine south of Ishpeming, whose products are used to make steel. It purchases electricity from Upper Michigan Energy Resources, a utility that uses reciprocating internal combustion engines, known as RICE generators, which burn natural gas to generate electricity.

Current Michigan law requires utilities to get an increasingly large share of their power from so-called clean energy systems, with a 100% share required by 2040, according to the House Fiscal Agency.

The Michigan Public Service Commission, the House agency said, can let utilities delay complying with the law when it deems compliance "is not feasible."

Prestin told CapCon he fears that the commission could refuse to grant an extension in the future, forcing Upper Michigan Energy Resources to shut down the generators prematurely. The utility would need to seek electricity elsewhere, he said, and its customers, including Cleveland Cliffs, would be obligated to help with the cost of acquiring the generators – an obligation that runs through 2049, regardless of whether the mine is open.

Shutting down the generators early could imperil the Tilden mine, Patrick Bloom, executive vice president of government relations for Cleveland Cliffs, said at a press conference organized by Upper Peninsula

legislators. "That's not an overstatement. It's an economic reality," Bloom told reporters. Lawmakers and a representative of the United Steelworkers also spoke at the event.

If Cleveland Cliffs closes the mine, the effects would be devastating, Prestin told CapCon. The mine employs approximately 900 people and had a total economic impact of \$452 million as of December 2017, according to a 2018 Cleveland Cliffs fact sheet.

Michigan lawmakers should protect the mine and its workers, Prestin and other lawmakers said at the press conference, by enacting House Bill 4283, which Prestin introduced, and House Bill 4007, sponsored by Rep. Karl Bohnak, a Republican whose district includes Marquette and Ishpeming. Both bills passed the House in May on a bipartisan basis and now sit in the Senate Committee on Government Operations.

Prestin's bill would amend state law to say that the generators meet clean-energy standards. Bohnak's legislation would amend state law to define the generators as

"clean energy systems," per the House Fiscal Agency analysis.

State regulators have "recognized from the beginning the special situation in the Upper Peninsula, and we support legislative efforts to come to a solution that makes the best sense for the UP," Matt Helms, public information officer at the Michigan Public Service Commission, told CapCon in an email.

Still, Prestin said, legislation is required to protect the generators and the mine from the whims of executive branch officials.

"The economy of the central Upper Peninsula is dependent on our mining jobs," Michael Grondz, vice president of the United Steelworkers Local 4950, said in an email to CapCon. Grondz also spoke at the Nov. 12 press conference.

Gov. Gretchen Whitmer, who appoints members to the Michigan Public Service Commission, did not respond to an emailed request for comment. Neither did Senate Majority Leader Winnie Brinks, D-Grand Rapids. ■

Pung forfeiture case heads to U.S. Supreme Court

Michigan family who lost \$200k home over \$2k tax dispute prevailed in 2020 in state high court

BY JAMIE A. HOPE
February 23, 2026

The U.S. Supreme Court will hear arguments Feb. 25 in a case brought by a Michigan homeowner whose family lost their house to foreclosure over a tax bill they say they never owed.

The court is scheduled to hear oral arguments in *Pung v. Isabella County*, a case that asks whether local governments may keep far more than the amount owed when they seize and sell property for unpaid taxes.

At issue is the foreclosure of a home valued at about \$200,000 in Isabella County. The county, which claimed the family owed \$2,242 in taxes and fees, ultimately sold the 3000-square-foot property at auction for \$76,000 and initially kept the proceeds.

The Pacific Legal Foundation, which represents the Pung family, argues the county's actions violated the Takings Clause and the Excessive Fines Clause of the U.S. Constitution.

"Since Magna Carta — 800 years ago — the law has said you don't seize a person's land when you can take something less to pay a debt," Deborah La Fetra, a senior attorney with Pacific Legal Foundation, told Michigan Capitol Confidential in an email.

The county, La Fetra added, had multiple ways to collect \$2,200 — a lien, a civil suit, or waiting for a refinance or sale while penalties accumulate.

"Instead, they chose the most destructive option possible: seize the entire home and auction it off," she said.

The Mackinac Center Legal Foundation has filed an amicus brief in the case, arguing that when a government seizes and sells property to satisfy a tax debt, the Constitution requires that it obtain fair-market value for the home.

The county sold the property at auction for far less than the full value of the home, the lawsuit claims. The fair market value was approximately \$194,000. The county originally kept the entirety of the money generated from the sale.



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The case stems from a long-running dispute over a principal residence exemption on the Pung family home, La Fetra told CapCon in a phone interview.

After homeowner Scott Pung died in 2004, his widow continued living in the home.

Under Michigan law, the principal residence exemption generally remains in place so long as a qualified family member continuously occupies the property.

Yet Isabella County's then-tax assessor, according to the Pung's attorney, determined the family was required to file additional paperwork to maintain the exemption and retroactively removed it for multiple years beginning in 2007.

That decision increased the family's tax bill by roughly \$1,600 annually.

The family challenged the determination before the Michigan Tax Tribunal and prevailed, La Fetra noted. Administrative rulings concluded the

additional paperwork was not required.

Despite the ruling, the tax assessor continued to charge the family the non-homestead exemption tax rate.

In 2012, the county assessed additional taxes. The family paid what they believed to be the correct amount but did not pay the additional \$1,600 tied to the disputed exemption.

That partial underpayment, according to La Fetra, triggered the state's tax foreclosure process.

The Pung home was foreclosed in 2018 over the underpayment and sold at auction the same year.

The county kept the \$2,242 in taxes it claimed the family owed as well as the profit made from the auction.

However, two court rulings in 2020 put that decision in question.

The Michigan Supreme Court ruled in *Rafaelli, LLC v. Oakland County* and the U.S. Supreme Court ruled in *Tyler v. Hennepin County*, that

governments must return the surplus proceeds from tax foreclosure sales.

"The Pungs paid their taxes — every penny they believed they owed," said La Fetra. "If it can happen to the Pungs, it can happen to anyone, unless the Supreme Court puts a stop to it."

All property owners must pay taxes on property they own, Matthew T. Nelson, a partner at Warner Norcross + Judd LLP and an attorney for Isabella County, told CapCon in a statement.

"Property owners must pay the taxes on the property they own. County treasurers are patient and happy to work with individuals who are in financial distress," Nelson wrote. "Mr. Pung had ample time and opportunity to avoid this foreclosure and sale. He decided not to pay the taxes due on the property even when he knew that would mean that his nephew's family's home would be foreclosed." ■



Taxpayers still owe billions for corporate tax credits

Multiple companies still in line for MEGA cash

MEGA, created in 1995 but largely closed in 2011, offered financial incentives to companies in the name of economic development. They could receive tax credits based on the wages they pay workers at a facility covered by an agreement between

themselves and the state. Although the state has stopped awarding new credits, Michigan is still paying out on deals that last up to 20 years.

Companies with MEGA deals file tax returns under the Michigan Business Tax, which lawmakers repealed and replaced with the corporate income tax in 2011. Eligible companies may still file under the old tax and receive any credits for which they are entitled.

A handful of companies will receive additional MEGA credits, according to an Oct. 31 Michigan Strategic Fund report and a March 19, 2025, House oversight hearing. They are, as identified in the hearing: Dow Inc., Farmers Group Inc., Ford Motor Co., General Motors Co., Gentex Corp., Graphic Packaging International, Hemlock Semiconductor Operations, Hyundai-Kia America Technical Center, LG Energy Solution Michigan, PureFlex Inc., Stellantis N.V. and Xalt Energy LLC.

Automakers receive some of Michigan's most lucrative tax advantages despite representing only a sliver of the state's workforce, according to James Hohman, fiscal policy director at the Mackinac Center for Public Policy.

"Taxes should raise money to operate the government," said Hohman. "They shouldn't be used to transfer hundreds of millions of other people's money to some of the state's largest private sector companies."

Stellantis will lose its eligibility two

fiscal years from now, Hohman said, saving taxpayers more than \$150 million. The company had a deal for 18 years rather than the 20 years secured by Ford and General Motors.

Ford's deal was intended to retain 41,200 workers, Hohman said. The numbers for General Motors and Stellantis were 34,750 and 27,000, respectively.

The Mackinac Center for Public Policy argued before the Michigan Supreme Court in 2021 that the state's refusal to disclose how much it pays each recipient is unconstitutional.

"Tax credit' is a subterfuge," Patrick Wright, an attorney with the Mackinac Center, told Michigan Capitol Confidential in an email. "These credits are really cash payments to politically favored corporations and must be disclosed under Michigan Constitution's Article 9 section 23 and also FOIA." ■

BY JAMIE A. HOPE
February 6, 2026

A small number of companies that still collect on tax credits from the Michigan Economic Growth Authority are expected to receive \$533.1 million more from the state than they owe in taxes this year, according to a Senate Fiscal Agency report issued in December. But the amount each company receives is being kept secret from taxpayers.

Nessel seeks to recover \$24M as Michigan's Gotion gamble falters

Taxpayer-funded plant adds another loss to state government's investing record

BY SCOTT MCCLALLEN
February 9, 2026

Michigan Attorney General Dana Nessel is trying to claw back \$24 million of taxpayer money that the state gave Gotion Inc. for a failed electric vehicle factory in Mecosta County.

A Jan. 30 letter from Nessel's office to company official Chuck Thelen asks Gotion to write a \$24 million check payable within 30 calendar days. The letter says that the Michigan Strategic Fund warned the company on Sept. 17 that it had defaulted multiple times under the Critical Infrastructure Program grant agreement.

"You were provided 30 days to cure the events of default. You have failed to do so," the letter said. "As a consequence, the Michigan Strategic Fund is now

seeking the immediate repayment of \$23,670,873.56 of [Strategic Site Readiness Program] funds."

Michigan gave the Chinese company \$175 million in 2022 for an electric vehicle plant that would create 2,350 jobs. It failed to create those jobs and build the factory but pocketed the taxpayer cash, Michigan Capitol Confidential previously reported.

The MEDC is working with Nessel's office to secure the entire amount owed, Danielle Emerson, MEDC public relations manager, told CapCon in an email.

"MEDC has been working since that time to fully brief the Attorney General's office and coordinate to return the balance of the SSRP grant in order to put the state in the strongest position for repayment," Emerson wrote. "Now begins a statutory,

90-day clock for the company to repay that amount in full, with no additional penalties. MEDC will continue to pursue the rights and remedies MSF is entitled under the agreement if there has not been a full repayment at the end of that 90-day period."

Michael LaFaive, director of fiscal policy for the Mackinac Center for Public Policy, called for Michigan to end selective subsidies.

"This project is a reminder that the state is not good at picking winners from losers in the marketplace," LaFaive told CapCon in an email. "Michigan's economic development bureaucrats have a long history of getting it wrong. In 2020, the Mackinac Center examined thousands of state economic development deals across nine program or program areas. We found

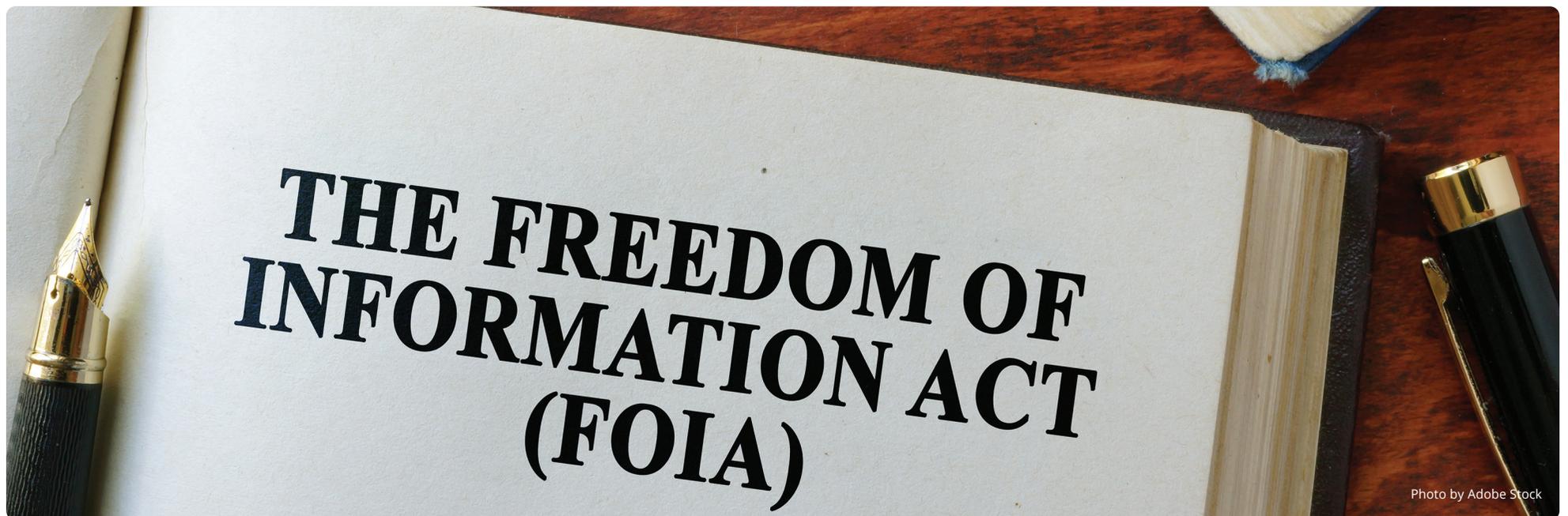
no jobs impact in five of them and an explicitly negative impact in another. We found positive jobs impacts among three programs but with incentive offerings that outweighed the benefits."

LaFaive cited a more recent Mackinac Center study that found only 9% of jobs promised through taxpayer-funded jobs programs over a 20-year period actually came to fruition.

"Success in clawback attempts will depend on the strength of the state's case and sometimes the financial situation of the company," LaFaive said. "For example, one state subsidy recipient under the Michigan Business Development Program filed for Chapter 7 and the MEDC's spokesperson said in 2018 that they had not received repayment from the firm and don't expect they ever will." ■

Michigan Township charges reporter \$164,000 for records related to fire chief, church shooting

'Everything is wrong about this invoice'



BY SCOTT MCCLALLEN
December 12, 2025

A Michigan township told a reporter she would have to pay more than \$160,000 for documents she requested after a horrific church shooting and fire that took place Sept. 28.

Anna Matson, an independent reporter, was one of the first people on the scene of the mass shooting and arson of a Latter Day Saints church in Grand Blanc.

A man crashed his truck into the building near Flint and started shooting. Five people, including the shooter, were killed, while eight were injured.

Matson has filed three records requests with the township. She sought roughly

six months of communications between the township's superintendent and its township fire chief.

Matson said that the township billed her over \$65,170 for "legal review," which isn't an authorized charge under the Freedom of Information Act. The government can only charge for searching, locating and redacting records. The township also, she said, charged her for work done by information technology employees, some of the township's most highly paid employees. The law requires government bodies to charge the rate of the lowest-paid employee who can do the work.

"Everything is wrong about this invoice," Matson told CapCon in a



Grand Blanc Township charged me over \$100k for a FOIA request. The first step to fight this is to appeal to the board. If they deny the appeal, the only other option is to sue the township.

They already denied one of my appeals. Let's see if they change their mind for the other...

— Anna Matson (@AnnaRMatson) November 26, 2025

telephone interview.

"People need to pay attention to what's going on at the local level. Because it affects their daily life — the roads that they drive on, the water they drink, sewer, parks, fire police — all is controlled at the local level," Matson said. "And when you don't pay attention, stuff like this happens."

Matson has submitted other

records requests to local, state, federal government offices.

The township initially responded to CapCon's request for comment but then failed to follow up.

Matson is part of a growing number of independent reporters who have emerged to cover news as legacy newspapers shrink their own reporting resources. ■



Managing Editor: Scott McClallen **Designers:** Mick McArt, Hannah Golab

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State to buy, raze \$18M century-old hunting ranch in Cheboygan County

Property includes a ranch, cabins, pole barns, and an airstrip

BY SCOTT MCCLALLEN
November 17, 2025

Michigan's government is expected to buy the Black River Ranch in Cheboygan County this December.

The state of Michigan has eyed the 8,844-acre property in Forest Township of Cheboygan County and Montmorency Township of Montmorency County for some time.

The property contains 14 miles of frontage along the Black River and the entire Silver Lake. The property includes a ranch house, main lodge, five cabins, a garage, three pole barns, a shooting range and an airstrip — all of which the state of Michigan will flatten.

The state will buy the property for \$18 million. The ranch will stay private through December, when the state hopes to close on the property. It's primarily used for hunting, fishing, and recreation by private members.

Dan Lorimer, a veterinarian ophthalmologist, has hunted birds on the Black River Ranch for nearly 20 years. He is concerned that the state of Michigan won't give the property the care it received for decades from the 30 to 40 members who hunt, fish, and trap at the private hunting and fishing club.

"They're going to rip down all the buildings," Lorimer said about the ranch built in the 1920s. The bucolic property recalls the great rural regions of the Upper Peninsula, though it is located on the Lower Peninsula just hours from Detroit.

During eligible hunting seasons, Michiganders should be able to hunt elk, white-tailed deer, black bear, ruff grouse, woodcocks, and turkeys. Hunters can also trap bobcats, otter, muskrat, beaver, and mink, Lorimer said, adding that hunters have taken care of the forest, managed wildlife, and even restored lakes on the property. But the state might not give the same level of care.

"It takes constant attention to have a healthy pet or a healthy forest and all of

the animals inside it," Lorimer said. "And if you ignore it and think it will just go away, things fester and they get worse. And I think that's similar to what's going to occur here."

The club offered more, Lorimer said, but the landowner, Arrowhead Properties Corp. in Southfield, had already entered a contract with the state.

If the state buys the nearly 9,000-acre property, schools, emergency services, and the county road system will receive less tax revenue. In Summer 2025, the owner of the six parcels of land paid more than \$35,000 in property taxes, according to the property's tax rolls obtained from the county treasurer.

The department has been working on this project since 2019, Kerry Heckman, a forest land administrator, told Michigan Capitol Confidential in a phone interview.

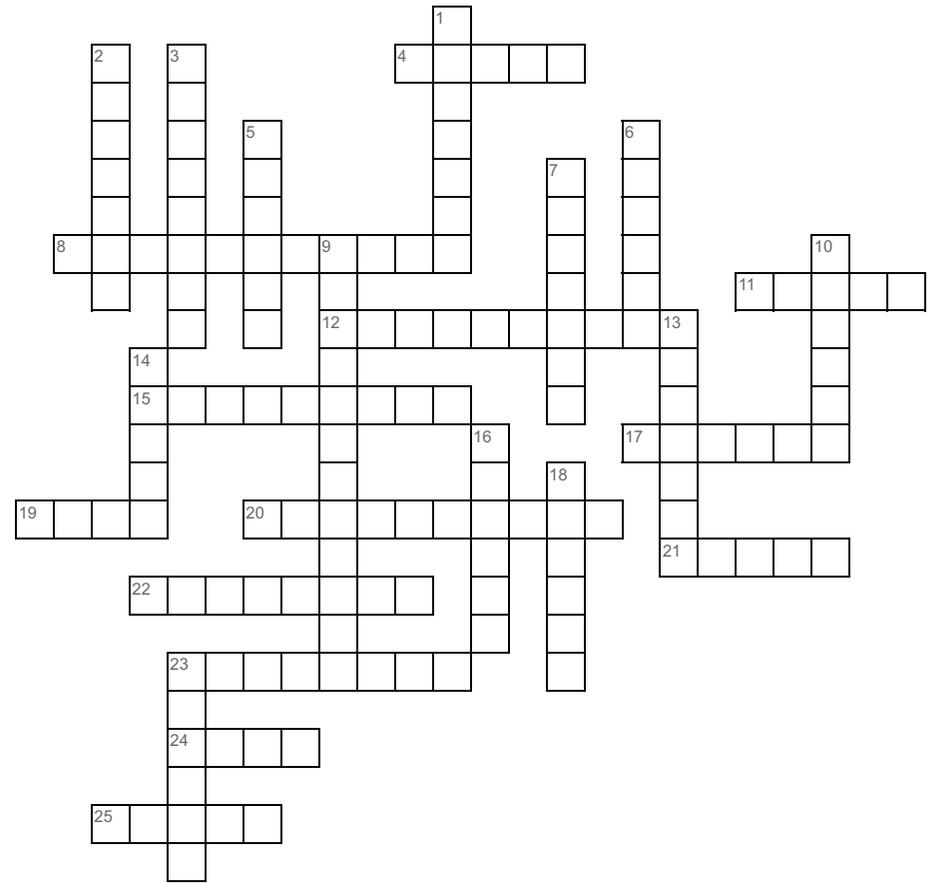
"It's a pretty significant property. It's been a very high priority for us for a very long time if it ever became available," Heckman said. "It's the largest, most wilderness-type area you're going to find in the Lower Peninsula," She noted that the property is located in the core of the elk range. The land is adjacent to the Pigeon River Country State Forest.

The public should be able to use the property once it reopens, Heckman said.

The Black River is a premier brook trout stream and is the only river that is managed exclusively for native brook trout in the Lake Huron basin.

About 61% of the money to purchase the property came from the Federal Forest Legacy Program. Another 31% came from a grant from the Natural Resource Trust Fund. Nonprofits including the Little Traverse Conservancy and the Rocky Mountain Trust Fund also contributed a significant amount, Heckman said. ■

Spring crossword puzzle



Across

- 4) Sweet treat sold on Mackinac Island
- 8) Western Michigan city nicknamed "Beer City"
- 11) City known for its water crisis
- 12) Michigan benefits card used for food assistance
- 15) Legislative scrutiny of government agencies
- 17) Investigative news outlet of the Mackinac Center
- 19) Frequently cited justification for incentives
- 20) Michigan's state fish
- 21) Revenue source frequently debated in state budgets
- 22) Large tract of land prepared for major industrial projects
- 23) State reserve fund sometimes tapped to balance budgets
- 24) Public records law used to obtain internal documents
- 25) Lake bordering Michigan's eastern shore

Down

- 1) When revenue exceeds expenditures
- 2) Government aid programs for the needy
- 3) Peninsula famous for ancient copper mines in Michigan U.P.
- 5) Fruit celebrated each summer in Traverse City
- 6) Nickname for a resident of the Upper Peninsula
- 7) When spending exceeds revenue
- 9) System of laws and priorities on societal issues
- 10) What Michigan's Lower Peninsula resembles
- 13) Failure to meet terms of a state funding agreement
- 14) Engineering system in Sault Ste. Marie
- 16) Tax on imported goods
- 18) Money allocated to government programs
- 23) Mackinac's preferred outcome for many programs